

Message Text

PAGE 01 STATE 207642

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DRAFTED BY EA/IMS:DTKENNEY:JGB

APPROVED BY S/S:LCJOHNSTONE

EA:MR. HABIB

IO:AMB. BLAKE

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TO AMCONSUL JERUSALEM PRIORITY

S E C R E T STATE 207642

E.O. 11652: GDS

TAGS: (OVIP KISSINGER, HENRY A.) UNGA US ID

SUBJECT: UNGA BILATERAL - INDONESIA

FOR S/S FROM JOHNSTONE - PLEASE ADD TO SECRETARY'S UNGA
BRIEFING BOOK

1. SETTING

YOU HAD AN EXTENSIVE EXCHANGE OF VIEWS WITH FOREIGN MINISTER
ADAM MALIK AS RECENTLY AS JULY 5, 1975, AT THE CAMP DAVID
SUMMIT. THERE SHOULD, THEREFORE, BE RELATIVELY FEW NEW
BILATERAL SUBJECTS FOR DISCUSSION.

HIS PRINCIPAL INTERESTS WILL BE (1) TO REAFFIRM THE CLOSE
US-INDONESIAN TIES, (2) TO SEEK FURTHER REASSURANCE ON
THE COMMITMENTS OF ECONOMIC AND MILITARY SUPPORT MADE
AT CAMP DAVID, AND (3) TO EXPLAIN, POSSIBLY, INDONESIA'S
EVOLVING POSITION ON THE NEW INTERNATIONAL ECONOMIC ORDER.

OUR OBJECTIVE IS TO ENCOURAGE INDONESIA TO CONTINUE TO
PLAY A MODERATING ROLE IN THE THIRD WORLD -- PARTICULARLY
ON THOSE ISSUES WHICH MAY SURFACE AT THE REGULAR AND SPEC-
IAL SESSIONS OF THE UNGA, I.E., EXPULSION OF ISRAEL,
SECRET

PAGE 02 STATE 207642

ADMISSION OF SOUTH KOREA, THE VARIOUS LDC ECONOMIC DEMANDS
UNDER THE RUBRIC OF THE NEW INTERNATIONAL ECONOMIC ORDER,

ETC. IN THIS REGARD, THE GOI'S SLOWLY EVOLVING POSITION

ON THE NEW INTERNATIONAL ECONOMIC ORDER MAY BE OF HELP TO US. WHILE INDONESIA SEES ITSELF AS IRREVOCABLY COMMITTED TO THE THIRD WORLD AND TO THE PRINCIPLE OF RESTRUCTURING INTERNATIONAL TRADE MECHANISM TO BRING WHAT THEY PERCEIVE TO BE A BETTER BALANCE BETWEEN PRODUCER AND CONSUMER INTEREST, THE GOI HOPES TO AVOID AN ATMOSPHERE OF CONFRONTATION AT THE UNGA SPECIAL SESSION. MOREOVER, ITS OVERALL APPROACH TO TRADE ISSUES SO FAR SHOWS A HEALTHY PREOCCUPATION WITH PRACTICAL QUESTIONS RATHER THAN IDEOLOGICAL POLEMICS.

2. ISSUES/TALKING POINTS

A. PORTUGUESE TIMOR

BACKGROUND: THE INDONESIANS ARE VERY CONCERNED ABOUT THE DETERIORATING SECURITY SITUATION IN PORTUGUESE TIMOR AND SUHARTO IS UNDER CONSIDERABLE PRESSURE FROM HIS ADVISORS TO OCCUPY THE EMBATTLED TERRITORY. WHILE THEY DO NOT THEMSELVES CLAIM (OR COVET) THE TERRITORY, THE INDONESIANS ARE ALMOST OBSESSIVELY CONCERNED THAT IT NOT FALL UNDER COMMUNIST INFLUENCE, A DEVELOPMENT THEY FEAR WOULD HEPPEN IF THE COLONY GAINED A SHAKY INDEPENDENCE. OUR EMBASSY, ON INSTRUCTIONS, HAS INFORMED THE GOI THAT WHILE THE USG DOES NOT WISH TO BE INVOLVED OR TO INFLUENCE INDONESIA'S DECISION, THE GOI SHOULD BE AWARE THAT (AS WITH TURKEY) A MILITARY MOVE WHICH EMPLOYED US-SUPPLIED EQUIPMENT COULD, UNDER US LAW, FORCE TERMINATION OF OUR MILITARY ASSISTANCE PROGRAMS.

YOUR TALKING POINTS (IF ISSUE IS RAISED BY ADAM MALIK)

-- WE DO NOT WISH TO BECOME INVOLVED IN PORTUGUESE TIMOR OR TO INFLUENCE GOI ACTIONS.

-- THE TERRITORY'S FUTURE SHOULD BE LEFT TO THOSE WITH A DIRECT INTEREST IN THE TERRITORY- THE INHABITANTS OF TIMOR, PORTUGAL, INDONESIA AND AUSTRALIA.

-- THE LOGIC OF THE SITUATION SUGGESTS THAT EVENTUAL
SECRET

PAGE 03 STATE 207642

MERGER OF THE TERRITORY WITH INDONESIA WOULD PROBABLY BE THE SOLUTION BEST CALCULATED TO INSURE REGIONAL STABILITY, AND TO PROVIDE IN THE LONG RUN, PROBABLY THE GREATEST BENEFITS TO THE INHABITANTS OF TIMOR.

-- IN MAKING ITS DECISION WE HOPE THE GOI WILL TAKE INTO ACCOUNT THE POSSIBLE IMPACT OF ITS ACTION ON THE REGION AND ON ITS RELATIONS WITH OTHER COUNTRIES.

B. MILITARY AND ECONOMIC ASSISTANCE

BACKGROUND: REPORTING FROM JAKARTA INDICATES THAT THE INDONESIANS ARE SUFFERING FROM EXCESSIVE EXPECTATIONS

ABOUT INCREASES IN US MILITARY AND ECONOMIC ASSISTANCE AS A RESULT OF THE CAMP DAVID SUMMIT. DOD WILL DISCUSS THE QUESTION OF AVAILABLE MILITARY EQUIPMENT WITH A SPECIAL INDONESIAN MILITARY TEAM WHICH ARRIVES IN WASHINGTON ON SEPTEMBER 15.

YOUR TALKING POINTS (IF THE QUESTION OF AID SHOULD BE RAISED):

-- WE ARE GOING AHEAD WITH PLANS TO PROVIDE ABOUT \$61 MILLION ON FY 1976 ASSISTANCE FOR INDONESIA (REPRESENTING ABOUT \$20 MILLION IN DEVELOPMENT LOANS, \$11 MILLION OF GRANT TECHNICAL AID AND \$30 MILLION IN PL 480 ASSISTANCE) AS WE STATED AT THE IGGI MEETING AT AMSTERDAM LAST MAY.

-- AS TO MILITARY AID, WE HAVE A SYMPATHETIC UNDERSTANDING OF INDONESIA'S NEEDS AND WILL BE AS FORTHCOMING AS CIRCUMSTANCES PERMIT. THE SEPTEMBER VISIT OF THE INDONESIAN MILITARY TEAM TO WASHINGTON SHOULD BE HELPFUL IN CLARIFYING INDONESIA'S REQUIREMENTS AND WHAT WE CAN DO TO HELP MEET THEM.

-- FINAL APPROVAL OF OUR ASSISTANCE PACKAGE IS, AS ALWAYS, DEPENDENT ON CONGRESSIONAL ACTION.

C. JOINT US-INDONESIAN COMMISSION

BACKGROUND: BOTH SIDES AGREED AT CAMP DAVID ON THE CREATION OF A US-INDONESIAN JOINT COMMISSION TO DISCUSS
SECRET

PAGE 04 STATE 207642

MILITARY AND ECONOMIC QUESTIONS. ALTHOUGH WE HAVE NOT YET MET WITH THE INDONESIANS TO DISCUSS DETAILS, PRELIMINARY INDICATIONS ARE THAT THEY ARE THINKING IN TERMS OF AN OVERALL CABINET-LEVEL BODY THAT WOULD MEET ANNUALLY IN WASHINGTON AND JAKARTA AND BE CHAIRED BY YOURSELF AND AN INDONESIAN OF SIMILAR RANK. IN THE GOI VIEW A MAJOR TOPIC OF DISCUSSION WOULD BE US ASSISTANCE.

YOUR TALKING POINTS

-- WE ARE ACTIVELY STUDYING PROPOSALS FOR A US-INDONESIAN COMMISSION AND AS SOON AS OUR STUDY IS COMPLETED WE WILL BE PREPARED TO BEGIN DISCUSSIONS WITH THE GOI.

-- WE BELIEVE WE SHOULD APPROACH THE COMMISSION IDEA CAREFULLY IN ORDER TO TAILOR THE CONSULTATIVE MECHANISM TO INDONESIA'S SPECIAL NEEDS AND SO AS NOT TO UNDERCUT

OTHER EXISTING INSTITUTIONS SUCH AS THE IGGI (THE INDONESIAN AID CONSORTIUM).

D. TRADE BILL PENALTIES

BACKGROUND: AT CAMP DAVID YOU MENTIONED TO PRESIDENT SUHARTO THAT WE APPRECIATED INDONESIA'S NOT JOINING THE 1973-74 EMBARGO AND THAT WE WERE TRYING TO GET CONGRESS TO LIFT THE 1974 TRADE ACT DENIAL OF TRADE PREFERENCES TO INDONESIA. WE WERE HOPEFUL THAT AMENDMENTS TO THE TRADE ACT INTRODUCED IN CONGRESS AND SUPPORTED BY THE ADMINISTRATION WOULD BE PASSED BY CONGRESS.

YOUR TALKING POINTS

-- THE IMPENDING OPEC DECISION TO RAISE ALL PRICES MAKES IT PRESENTLY PRACTICALLY IMPOSSIBLE TO GET CONGRESS TO ACT ON THE TRADE ACT AMENDMENTS.

-- WE WILL, HOWEVER, CONTINUE TO PRESS CONGRESS ON THIS ISSUE.

E. THE NEW INTERNATIONAL ECONOMIC ORDER

BACKGROUND: TOP ADVISORS OF PRESIDENT SUHARTO HAVE
SECRET

PAGE 05 STATE 207642

ADDRESSED THEMSELVES TO THE QUESTION OF NIEO AND HAVE REACHED CONCLUSIONS WHICH IN PART ARE CONTRARY TO US VIEWS. SPECIFICALLY, THEY BELIEVE THAT THE USG IS RESISTING THE NEED FOR BASIC CHANGES IN WORLD ECONOMIC POWER STRUCTURE. GOI CASTS ITS LOT IRREVOCABLY WITH THE THIRD WORLD BUT HOPES TO AVOID AN ATMOSPHERE OF CONFRONTATION AT UNGA.

YOUR TALKING POINTS

-- YOU MAY NOTE THAT THE GOI HOPES TO AVOID THE RHETORIC OF CONFRONTATION AND THAT WE WELCOME THIS ATTITUDE. WHILE WE MAY HAVE DIFFERENCES ON HOW BEST TO DEAL WITH COMMON PROBLEMS, WE CAN ONLY MAKE PROGRESS IN COMPOSING OUR DIFFERENCES BY DISCUSSING THEM ON THE BASIS OF THEIR MERIT AND NOT THROUGH EMPTY RHETORIC.
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